



# Australia: Caravans & Trailers

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## Summary

Over the past ten years, the caravan, trailer (known as motorhome in Australia) and camping industry has been the fastest growing domestic tourism sector in Australia. For the past seven years, the industry as a whole (park occupancies and recreational vehicle [RV] registrations) grew annually at the rate of 15%.

During 2006, industry revenue, industry gross product and the number of enterprises in the market have all increased. However, given that the price of fuel has risen sharply in recent months, (almost reaching A\$2.00 per liter\*), it is probable that this strong growth will drop off.

Demand is based on retirees who wish to travel and explore domestically. For this demographic with extra disposable income, the cost of fuel may not be as salient as for younger groups. Interestingly, out of the 330,000 recreational vehicles registered across Australia, about 80,000 were on the road at any one time, which again suggests that owners of these vehicles are still driving despite the price of fuel.

The caravan and camping industry is hugely popular in Australia with approximately 2,700 caravan parks established all over the country. Reasons the sector is so popular in Australia is because it provides freedom of touring at a leisurely pace, camaraderie of people with similar interests, affordability and the prime locations of the parks. It is also a function of the great open spaces of Australia that don't offer travel amenities.

The industry is susceptible to changes in consumer preferences and it is continually evolving. Caravan and holiday parks continue to enhance the quality of accommodation and facilities and caravan and RV manufacturers now tend to incorporate luxury fit-outs with the option to be self-contained.

## Market Overview

In 2006 there were approximately 330,000 RVs registered in Australia. Also during that year 18,000 caravans, 2500 motorhomes and 1700 camper and tent trailers were purchased. At any one time there are around 70,000 – 80,000 'caravanners' travelling on extended tour around Australia.

\*There are 3.79 liters per gallon  
AUD\$1 = US 0.96

During 2005-2006, the caravan and trailer market was valued at \$587.9 million in real industry revenue and the value-add segment was approximately \$128.7 million. This revenue was accumulated from 802 enterprises and 1,986 employees.

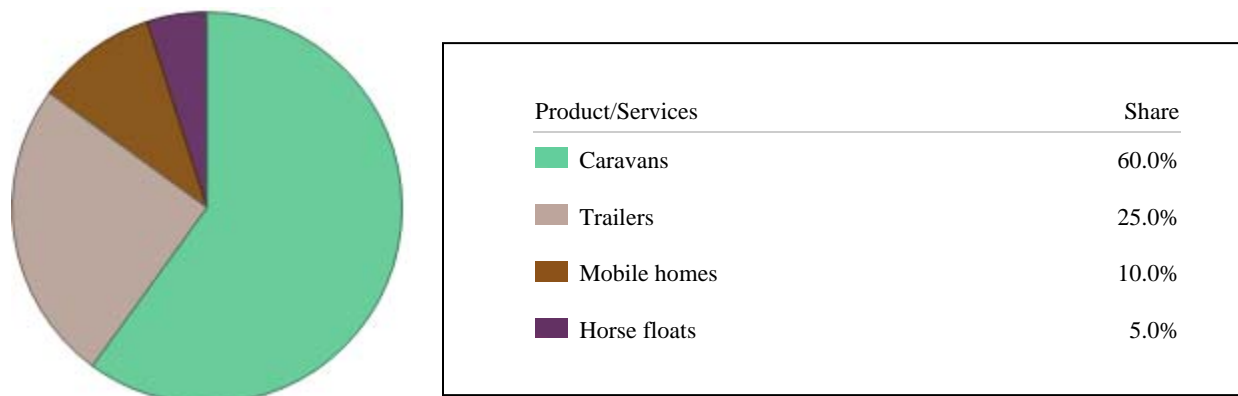
The outlook for trailer and caravan retailing industry will depend on the forecast of its market variables such as: disposable incomes, interest rates and demographic changes. The below graph gives some indication of what to expect over the next four years should conditions remain stable.

## Outlook

### Revenue

	Revenue \$ Million	Growth %
2006-07	609.1	3.6
2007-08	624.3	2.5
2008-09	639.3	2.4
2009-10	652.1	2.0
2010-11	666.4	2.2
2011-12	683.7	2.6

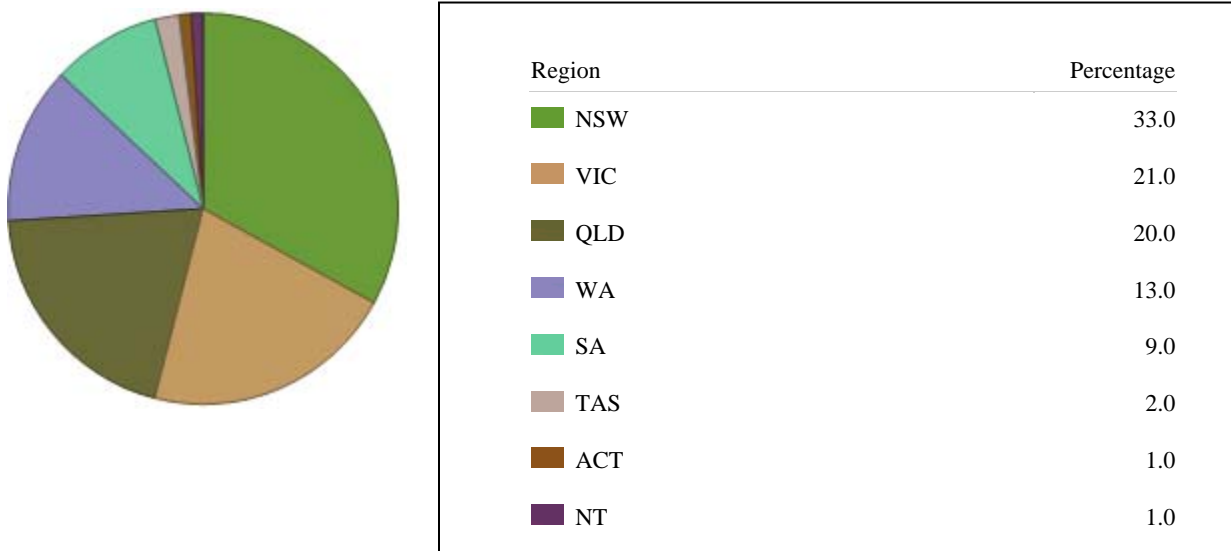
Caravans have experienced the highest increase in demand in the past few years and are currently the largest segment of this market. Trailers, are less common and are usually custom-made based on the specifications requested by end users. For this reason, trailers are rarely imported. Please refer to the pie chart on the following page.



It is estimated that 80% of industry revenue comes from households, which is driven by leisure and recreational needs. An increasing elderly population with interest in caravan holidays is at the core of industry growth. The remaining 20% of revenue stems from the commercial market, which would include public authorities such as police, government maintenance divisions, etc.

As a whole, the market is fairly fragmented. Dealerships are relatively small, while there are some larger manufacturers/wholesalers. The top four players accounted for 35.9% of industry revenue in 2005-2006. Furthermore, the ABS Busyness Register Count estimates that approximately 50% of establishments were owner operated as of 2004, further exemplifying this fragmented market.

As per the graph below, New South Wales (NSW) and Victoria represent a large share of the market, with 33% and 21% of dealers respectively. This is a result of large number of caravan and trailer manufacturers in those States. In addition, an influx of retirees to Queensland has brought 20% of dealers to this region while Western Australia has also experienced growth due to the mining boom.



## Market Trends

### Caravan and RV Trends:

In spite of increased fuel cost, demand for new caravans, campervans, motorhomes and camper trailers is still strong. According to the NSW Caravan & Camping Industry Association (CCIA), during the 2007 NSW Caravan, Camping, 4WD & Holiday SUPERSHOW, many exhibitors were reporting record sales of caravans and other RVs. The industry has been on the crest of a wave for the past 10 years.

There is also a trend for those making a new purchase or upgrading, to buy more luxurious units with a strong movement towards self contained amenities, e.g. a toilet and shower. These types of caravans cost between \$52,800 - \$62,400. Even middle of the road caravans retail for \$33,600 and are a much better appointed compared to 20 years ago.

Manufacturers have responded to this demand by increasing expenditure on R&D and developing lighter, more aerodynamic caravans with more interior features.

### **Consumer trends:**

There is an increasing trend by users of caravans and trailers to demand a higher standard of accommodation. Therefore, there is considerable opportunity for manufacturers of accessories and value-add products.

As previously stated, market demand is derived mainly from ‘cashed-up’ retirees, i.e- Baby Boomers. Given the recent changes in Australia’s superannuation legislation where the previous 15% tax has been eliminated, many retirees are now spending that saving on a RV. According to the CCIA, this has already been reflected in sales from the second half of 2007. It is not uncommon for this demographic segment to pay between \$96,000-\$144,000 for a 4WD and caravan set or between \$67,200-\$575,000 on a motorhome.

There is also an increasing trend for the ‘Grey Nomad’ demographic group to take an interest in caravanning. Grey Nomads are different to Baby Boomers in that they have a combined (couples) income of less than A\$30,000 (thus less disposable cash to spend) and are typically 61-65 years of age. On average, they tend to travel 3 times a year for around 14.5 weeks at a time.

The family market, which was once an important source of demand, has curtailed its purchasing of caravans due to price increases. However, this has resulted in a strong demand for second-hand caravans as well as camper trailers as a more affordable initial purchase by families. In fact, there is an excess of demand for these used caravans, causing wholesale and retail prices to increase. As a result, existing owners can more easily sell their used caravans and update to new ones.

Another trend is a loss of brand loyalty. Economic uncertainty coupled with a desire for customization, have made people less likely to favor a certain brand. However, it is important to note that there is still some degree of brand loyalty as a result of localization - local dealers can ensure that replacement parts and services are readily available to the customer.

While there is a low level of export and import activity, there is opportunity for foreign manufacturers of parts/accessories to supply the domestic manufacturing market (which is the major driver of revenue). Particularly since the recent growth in sales (due to Baby Boomers) has driven the need for innovation among dealers.

In terms of the product life cycle, the industry is considered to be in the mature stage. While there has been considerable growth in recent years, this demand has leveled out somewhat, bringing the market past the growth stage and into maturity.

## Competition

While there is considerable competition in this market, there is opportunity for additional players. The basis of competition is with pricing and quality rather than service. This is because additional factors that would give a dealer an advantage with services is quite rare.

Wholesalers and manufacturers can provide parts and services at much lower prices than dealers. Thus, while some large caravan dealers may compete on service by having a highly trained sales staff or back-up parts, most do not and consumers will more likely go directly to wholesalers and manufacturers for this.

The largest player in the industry is Fleetwood Corporation Ltd based in Western Australia who occupy almost 20% market share. Fleetwood owns the Coromal and Windsor brands and has dealers in every State of Australia. Some other major brand names include: Jayco, Roadstar, Regal/Roma and Winnebago.

## Market Access

Australia and the United States enacted a Free Trade Agreement (FTA) on January 1, 2005. As a result, import duties on more than 99 percent of automotive related products have been eliminated. Prior to January 2005, the average tariff on automotive products was five percent. Under the FTA, these goods are now duty free or will be phased down on a linear basis to 0% by 2010.

It is essential that U.S. companies undertake market research before they enter the Australian market. The U.S. Commercial Service in Australia invites American companies to contact its offices in Sydney or Melbourne to discuss both industry developments and individual market strategies.

In addition, companies with a strong interest in supplying the Australian automotive market should consider attending local trade shows which present excellent opportunities to showcase products, as well as view competitor products. The U.S. Commercial Service is happy to recommend and assist international visitors with Australian trade shows and expos.

## Market Entry

The Motor Vehicle Standards Act requires automotive related vehicles and associated parts to meet the national standards that cover a variety of safety and emission requirements. These national standards are currently known as the Australian Design Rules (ADRs).

The ADRs specifically set out design standards for vehicle/bike safety and emissions including noise. They are developed through a consultative process involving government, industry, employee and consumer representatives. The ADRs are national standards and use United Nations vehicle categories and are harmonized to a considerable extent with international standards.

A full list of the ADRs is available on CD-Rom from the Department of Infrastructure, Transport and Regional Development for a fee. U.S. companies interested in acquiring a copy of this CD-Rom or are interested in obtaining further information on vehicle regulations should contact Kate Wilkie at the U.S. Commercial Service in Melbourne, Australia. Contact details are at the end of this document.

Australia strictly protects its unique environment against exotic pests and diseases. Australian Quarantine and Inspection Service (AQIS) inspect incoming luggage, cargo, mail, animals and plants and their products, and provide inspection and certification for a range of exports, including second hand automotive parts. Thus some U.S. companies may have to comply with the AQIS standards. ([www.aqis.gov.au](http://www.aqis.gov.au)).

From July 1, 2000 the Goods and Services Tax (GST) was introduced. Therefore U.S. companies will also need to consider that a 10% goods and services tax will be applicable to all products inclusive of landed costs and duties. While the responsibility to pay GST to the Australian Taxation Office lies with the producer/supplier, it is the consumer who finally bears the GST cost. The importer pays the GST to the Australian Customs Service.

In general, feasibility of a market entry is also subject to factors such as changes in the state of the economy which will affect discretionary spending on luxury items such as caravans. Thus, it is important to evaluate the economy in terms of interest rates and real household disposable incomes which is subject to current global economic uncertainties.

Another factor deemed important is location and proximity to key markets. In the case of entering the market from outside Australia, a company must overcome the disadvantage in location by adding value to other success factors. A few examples would include cost control, product promotion, and/or competent staff.

## Upcoming Trade Shows/Events

The following table presents a brief listing of some of the more popular trade shows and events for 2008/09:

State	Dates	Name	Location	Open times
<b>Victoria</b>	2-5 October, 2008	RV & Camping Leisurefest	Sandown Racecourse, Springvale	10am-5pm
	21-23 November, 2008	Bendigo RV & Camping Leisurefest	Bendigo Racecourse, Bendigo	10am-5pm
	11-12 May, 2009	Melbourne Caravan & Camping Show	Caulfield Racecourse, Caulfield	10am-6pm
<b>NSW</b>	18-26 April, 2009	Sydney Caravan & Camping Show	Rosehill Racecourse, Sydney	10am-5pm
<b>ACT</b>	24-26 October, 2008	The Canberra Times Spring Home & Leisure Show	Exhibition Park, Canberra	10am-5pm
<b>QLD</b>	3-9 June, 2009	Brisbane Caravan, Camping & Touring Show	Royal Brisbane Showgrounds, Brisbane	10am-5pm
<b>SA</b>	25 Feb - 1 March, 2009	Adelaide Caravan, Camping & Offroad Show	Royal Adelaide Showgrounds, Adelaide	10am-6pm
<b>WA</b>	19-23 March 2009	Perth Caravan & Camping Show	Claremont Showgrounds, Perth	9.30am-6pm

## Key Contacts

Listed in alphabetical order:

Australian RV Network

[www.rv.com.au](http://www.rv.com.au)

Campervan & Motorhome Club of Australia

[www.cmca.net.au](http://www.cmca.net.au)

Motorhome Australia

[www.motorhomesaustralia.net](http://www.motorhomesaustralia.net)

A resource website for motorhome and campervan owners and enthusiasts.

State: NATIONAL

Association: Caravan, RV, & Accommodation Industry of Australia

Website: [www.welovethiscountry.com.au](http://www.welovethiscountry.com.au)

Address: PO Box 5881, Stafford Heights QLD 4053

Phone: +617 3262-6566

Fax: +617 3262-9989

Email: [crva@crva.com.au](mailto:crva@crva.com.au)

State: New South Wales

Association: Caravan & Camping Industry Association of NSW

Website: [www.cciansw.com.au](http://www.cciansw.com.au)

Address: [PO Box H114, Harris Park, NSW 2150](#)

Phone: +612 9637-0599

Fax: +612 9637-0299

Email: [admin@cciansw.com.au](mailto:admin@cciansw.com.au)

State: Northern Territory

Association: NT Caravan Parks Association

Website: [www.ntcaravanpark.com.au](http://www.ntcaravanpark.com.au)

Address: [PO Box 669, Alice Springs, NT 0871](#)

Phone: +618 8952-6111

Fax: +618 8952-5236

Email: [brendan@macrange.com.au](mailto:brendan@macrange.com.au)

State: Queensland

Association: Caravan Parks Association of Queensland

Website: [www.caravanqld.com.au](http://www.caravanqld.com.au)

Address: [PO Box 5542, Stafford Heights, QLD 4053](#)

Phone: +617 3862-1833

Fax: +617 3262-9890

Email: [admin@caravanqld.com.au](mailto:admin@caravanqld.com.au)



State: South Australia

Association: Caravan & Camping Industries Association of SA

Website: [www.caravanandcampingsa.com.au](http://www.caravanandcampingsa.com.au)

Address: [PO Box 161, Kilburn, SA 5049](#)

Phone: +618 8260-4488

Fax: +618 8260-4088

Email: [contact@caravanandcampingsa.com.au](mailto:contact@caravanandcampingsa.com.au)

State: Tasmania

Association: Caravan Industry Australia Tasmania

Website: [www.caravantasmania.com.au](http://www.caravantasmania.com.au)

Address: [111 Blacksnake Lane, Granton, TAS 7030](#)

Phone: +613 6229-1182

Fax: +613 6229-8258

Email: [admin@caravantasmania.com.au](mailto:admin@caravantasmania.com.au)

State: Victoria

Association: Victorian Caravan Parks Association

Website: [www.vicparks.com.au](http://www.vicparks.com.au)

Address: [64 Harcourt Street, Melbourne VIC 3051](#)

Phone: +613 9818-6288

Fax: +613 9818-6058

Email: [info@ciavic.com.au](mailto:info@ciavic.com.au)

State: Western Australia

Association: Caravan Industry Association WA

Website: [www.caravanwa.com.au](http://www.caravanwa.com.au)

Address: [PO Box 721, Balcatta, WA 6914](#)

Phone: +618 9240-8208

Fax: +618 9240-6291

Email: [info@caravanwa.com.au](mailto:info@caravanwa.com.au)

## For More Information

The U.S. Commercial Service Melbourne, Australia can be contacted via e-mail at: [kate.wilkie@mail.doc.gov](mailto:kate.wilkie@mail.doc.gov); Phone: +61 3 9526 5927; Fax: +61 3 9510 4660; or visit our website: [www.buyusa.gov/australia](http://www.buyusa.gov/australia).

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